

APACHE GAS TRANSMISSION COMPANY, INC.

Corporate Office  
5005 Live Oak, Greenville, Texas 75402  
Telephone (903) 454-4000 - Fax (903) 454-2320

RECEIVED

AUG 29 2007

PUBLIC SERVICE  
COMMISSION

August 28, 2007

Beth O'Donnell  
Executive Director  
Commonwealth of Kentucky  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

RE: Case No. 2007-00354 – Filing Deficiencies

Dear Ms. O'Donnell,

Responding to your letter dated August 14, 2007 concerning Case # 2007-00354, attached are the original and six (6) copies of the annual financial reports for 2004 and 2005 for Apache Gas Transmission Company, Inc.

If you need additional information, please feel free to contact me at (903) 454-4000.

Thank you for your consideration of this matter.

Very truly yours,



Brenda Everette  
Manager

cc: Office of the Attorney General

APACHE GAS TRANSMISSION COMPANY, INC.

Balance Sheet

As of December 31, 2004

	<u>Dec 31, 04</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
13101 · Alliance Bank	565.77
13103 · MONTICELLO BANKING	912.26
Total Checking/Savings	<u>1,478.03</u>
Accounts Receivable	
1200 · A/R- From BGC	71,166.70
Total Accounts Receivable	<u>71,166.70</u>
Total Current Assets	72,644.73
<b>Fixed Assets</b>	
100 · UTILITY PLANT	
101 · TRANSMISSION LINE (20 MILES)	152,331.50
110 · ACCUMULATED DEPRECIATION	-61,412.00
Total 100 · UTILITY PLANT	<u>90,919.50</u>
Total Fixed Assets	90,919.50
<b>Other Assets</b>	
190 · ORGANIZATION COSTS	7,500.00
195 · ACCUMULATED AMORTIZATION	-7,500.00
Total Other Assets	<u>0.00</u>
<b>TOTAL ASSETS</b>	<u><u>163,564.23</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
232 · Accounts Payable	1,550.00
Total Accounts Payable	<u>1,550.00</u>
<b>Other Current Liabilities</b>	
233 · NOTES PAYABLE	
23205 · D T & C S SHIREY REV FAM TRST	32,027.71
23306 · MONTICELLO BANKING	46,501.89
233 · NOTES PAYABLE - Other	10,000.00
Total 233 · NOTES PAYABLE	<u>88,529.60</u>
234 · A/P	
23403 · A/P CFRI	67,000.00
23404 · A/P TO SUMMIT	800.00
Total 234 · A/P	<u>67,800.00</u>
236 · TAXES ACCRUED	896.00
Total Other Current Liabilities	<u>157,225.60</u>

RECEIVED  
AUG 29 2007  
PUBLIC SERVICE  
COMMISSION

APACHE GAS TRANSMISSION COMPANY, INC.

Balance Sheet

As of December 31, 2004

	<u>Dec 31, 04</u>
Total Current Liabilities	<u>158,775.60</u>
Total Liabilities	158,775.60
Equity	
201 · COMMON CAPITAL STOCK	1,200.00
216 · Retained Earnings	2,215.54
Net Income	<u>1,373.09</u>
Total Equity	<u>4,788.63</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>163,564.23</u></b>

APACHE GAS TRANSMISSION COMPANY, INC.

Profit & Loss

January through December 2004

	<u>Jan - Dec 04</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
INTEREST	8.54
TRANSMISSION OF GAS	
480 · FEES	75,289.80
<b>Total TRANSMISSION OF GAS</b>	<u>75,289.80</u>
<b>Total Income</b>	75,298.34
<b>Expense</b>	
DEPRECIATION & TAXES	
403 · Depreciation Expense	4,814.00
408 · TAXES OTHER THAN INCOME	
40805 · Property	2,818.87
<b>Total 408 · TAXES OTHER THAN INCOME</b>	<u>2,818.87</u>
409 · OP & NON-OP INCOME TAXES PAYABL	
409.1 · Income Taxes - State & Federal	1,013.00
<b>Total 409 · OP &amp; NON-OP INCOME TAXES PAYABL</b>	<u>1,013.00</u>
<b>Total DEPRECIATION &amp; TAXES</b>	8,645.87
GAS OPERATION & MAINT EXP	
767 · MAINT. OF LINES	46,000.00 <b>See Attachment 1</b>
921 · OFFICE SUPPLIES & EXPENSES	
92101 · Bank Service Charges	690.92
92103 · Office Supplies	20.74
<b>Total 921 · OFFICE SUPPLIES &amp; EXPENSES</b>	<u>711.66</u>
923 · OUTSIDE SERVICES EMPLOYED	
92301 · Accounting	5,010.72
92302 · Legal Fees	409.60
<b>Total 923 · OUTSIDE SERVICES EMPLOYED</b>	<u>5,420.32</u>
930.2 · MISCELLANEOUS GENERAL EXPENSES	
930.29 · Professional Fees	0.00
<b>Total 930.2 · MISCELLANEOUS GENERAL EXPENSES</b>	<u>0.00</u>
934 · EASEMENT	6,645.49
<b>Total GAS OPERATION &amp; MAINT EXP</b>	<u>58,777.47</u>
<b>Total Expense</b>	<u>67,423.34</u>
<b>Net Ordinary Income</b>	7,875.00
<b>Other Income/Expense</b>	
<b>Other Expense</b>	
OTHER DEDUCTIONS	
42701 · Finance Charge	105.17
42702 · Loan Interest	6,396.74
	<u>6,396.74</u>

**APACHE GAS TRANSMISSION COMPANY, INC.**

**Profit & Loss**

**January through December 2004**

	<u>Jan - Dec 04</u>
Total OTHER DEDUCTIONS	<u>6,501.91</u>
Total Other Expense	<u>6,501.91</u>
Net Other Income	<u>-6,501.91</u>
Net Income	<u><u>1,373.09</u></u>

### III. BILLING ANALYSIS

#### Usage and Revenue from Present/Proposed Rates For the Period Ending December 31, 2004

Month	Customers	MCF Sold	Revenues at Present Rate of 1.74 per MCF	Revenues at Proposed Rate of 2.94 per MCF
January	1	10717	18,647.58	31,507.98
February	1	8133	14,151.42	23,911.02
March	1	4848	8,435.52	14,253.12
April	1	2708	4,711.92	7,961.52
May	1	1150	2,001.00	3,381.00
June	1	780	1,357.20	2,293.20
July	1	772	1,343.28	2,269.68
August	1	781	1,358.94	2,296.14
September	1	769	1,338.06	2,260.86
October	1	1282	2,230.68	3,769.08
November	1	3386	5,891.64	9,954.84
December	1	7944	13,822.56	23,355.36
TOTAL	1	43270	75,289.80	127,213.80

**Apache Gas Transmission Company, Inc.  
Account 767 - Maintenance of Lines Explanation  
For the Fiscal Year Ended December 31, 2004**

For the purpose of comparison, we have reclassified the management fee expense charged by Burkesville Gas Company, Inc. in the amount of \$46,000.00 for the fiscal year ended 12/31/2004 from Account #92303, Management Fee to Account #767, Maintenance of Lines. The entire fee charged during the year ending 12/31/04 was essentially all attributable to the repairs and maintenance relating to the transmission line.

APACHE GAS TRANSMISSION COMPANY, INC.

Balance Sheet

As of December 31, 2005

	<u>Dec 31, 05</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
13101 · Alliance Bank	3,020.97
13103 · MONTICELLO BANKING	800.21
Total Checking/Savings	<u>3,821.18</u>
Accounts Receivable	
1200 · A/R- From BGC	64,056.91
Total Accounts Receivable	<u>64,056.91</u>
Total Current Assets	67,878.09
Fixed Assets	
100 · UTILITY PLANT	
101 · TRANSMISSION LINE (20 MILES)	180,054.11
110 · ACCUMULATED DEPRECIATION	<u>-68,982.00</u>
Total 100 · UTILITY PLANT	<u>111,072.11</u>
Total Fixed Assets	111,072.11
Other Assets	
190 · ORGANIZATION COSTS	7,500.00
195 · ACCUMULATED AMORTIZATION	<u>-7,500.00</u>
Total Other Assets	<u>0.00</u>
<b>TOTAL ASSETS</b>	<b><u>178,950.20</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	20,058.00
Total Accounts Payable	<u>20,058.00</u>
Other Current Liabilities	
233 · NOTES PAYABLE	
23205 · D T & C S SHIREY REV FAM TRST	13,232.88
23306 · MONTICELLO BANKING	41,163.46
233 · NOTES PAYABLE - Other	<u>10,000.00</u>
Total 233 · NOTES PAYABLE	64,396.34
234 · A/P	
23403 · A/P CFRI	67,000.00
Total 234 · A/P	<u>67,000.00</u>
Total Other Current Liabilities	<u>131,396.34</u>
Total Current Liabilities	<u>151,454.34</u>

APACHE GAS TRANSMISSION COMPANY, INC.

**Balance Sheet**

As of December 31, 2005

	<u>Dec 31, 05</u>
<b>Total Liabilities</b>	151,454.34
<b>Equity</b>	
201 · COMMON CAPITAL STOCK	1,200.00
216 · Retained Earnings	3,588.63
Net Income	<u>22,707.23</u>
<b>Total Equity</b>	<u>27,495.86</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>178,950.20</u></u>

**APACHE GAS TRANSMISSION COMPANY, INC.**

**Profit & Loss**

January through December 2005

	<u>Jan - Dec 05</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
INTEREST	7.95
TRANSMISSION OF GAS	
480 · FEES	73,972.62
<b>Total TRANSMISSION OF GAS</b>	<u>73,972.62</u>
<b>Total Income</b>	73,980.57
<b>Expense</b>	
DEPRECIATION & TAXES	
403 · Depreciation Expense	7,570.00
408 · TAXES OTHER THAN INCOME	
40801 · State	133.00
40805 · Property	4,160.85
<b>Total 408 · TAXES OTHER THAN INCOME</b>	<u>4,293.85</u>
<b>Total DEPRECIATION &amp; TAXES</b>	11,863.85
GAS OPERATION & MAINT EXP	
766 · RENTS	
76601 · BUILDING	0.00
<b>Total 766 · RENTS</b>	<u>0.00</u>
767 · MAINT. OF LINES	20,113.94
921 · OFFICE SUPPLIES & EXPENSES	
92101 · Bank Service Charges	254.14
92104 · Postage and Delivery	2.44
<b>Total 921 · OFFICE SUPPLIES &amp; EXPENSES</b>	<u>256.58</u>
923 · OUTSIDE SERVICES EMPLOYED	
92301 · Accounting	1,498.75
92302 · Legal Fees	2,383.35
<b>Total 923 · OUTSIDE SERVICES EMPLOYED</b>	<u>3,882.10</u>
930.2 · MISCELLANEOUS GENERAL EXPENSES	
930.26 · Licenses and Permits	81.00
930.29 · Professional Fees	3,000.00
<b>Total 930.2 · MISCELLANEOUS GENERAL EXPENSES</b>	<u>3,081.00</u>
934 · EASEMENT	7,231.82
<b>Total GAS OPERATION &amp; MAINT EXP</b>	<u>34,565.44</u>
904 · Ucollectible Accounts	42,715.50
<b>Total Expense</b>	<u>89,144.79</u>
<b>Net Ordinary Income</b>	-15,164.22
<b>Other Income/Expense</b>	
Other Income	

**APACHE GAS TRANSMISSION COMPANY, INC.**

**Profit & Loss**

January through December 2005

	<u>Jan - Dec 05</u>
OTHER INCOME	42,715.50
Total Other Income	<u>42,715.50</u>
Other Expense	
OTHER DEDUCTIONS	
42701 - Finance Charge	205.32
42702 - Loan Interest	4,638.73
Total OTHER DEDUCTIONS	<u>4,844.05</u>
Total Other Expense	<u>4,844.05</u>
Net Other Income	<u>37,871.45</u>
Net Income	<u><u>22,707.23</u></u>

### III. BILLING ANALYSIS

#### Usage and Revenue from Present/Proposed Rates For the Period Ending December 31, 2005

Month	Customers	MCF Sold	Revenues at Present Rate of 1.74 per MCF	Revenues at Proposed Rate of 2.94 per MCF
January	1	7674	13,352.76	22,561.56
February	1	5914	10,290.36	17,387.16
March	1	5958	10,366.92	17,516.52
April	1	2457	4,275.18	7,223.58
May	1	1466	2,550.84	4,310.04
June	1	808	1,405.92	2,375.52
July	1	677	1,177.98	1,990.38
August	1	850	1,479.00	2,499.00
September	1	1315	2,288.10	3,866.10
October	1	2377	4,135.98	6,988.38
November	1	4792	8,338.08	14,088.48
December	1	8225	14,311.50	24,181.50
TOTAL	1	42513	73,972.62	124,988.22